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SERVING OVER 330,000 MEMBERS

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## Investing In Ourselves: CREATING JOBS & TAX REVENUE

By David G. Bronner

When I first arrived in the beautiful state of Alabama in the late sixties, there were among the races still bitter feelings, which caused an image problem for Alabama with prospective national and international corporations. During the next couple of decades, almost everyone would inevitably communicate to me, "...Alabama has the resources to be way above average and compete nationally for higher paying jobs, yet the potential is never achieved."

It reminded me of one of the definitions of "insanity" coined by Albert Einstein that could certainly apply to Alabama: Insanity is doing the same thing over and over again and expecting different results. People wanted good paying jobs for Alabamians, but did nothing to seriously make that goal happen.

Public pension systems across the country are experiencing funding problems as the number of retirees and their life expectancies increase. These demographic changes accompanied with economic factors such as the decline in global markets and the accompanying recession, plus the slower than expected economic recovery have all contributed to reevaluating the current benefit structure to determine if changes need to be made for the long-term

future of the pension system.

The big question of late is: Why did the RSA choose to invest about 10 percent of the pension fund in Alabama? The reason is simple: It is extremely difficult to convince companies to invest in Alabama if we do not invest in ourselves first. The RSA began doing just that as you can see by the companies and projects listed on page three.

Not only do these investments help bring industry and jobs to Alabama, they also benefit the pension funds and the state through returns, by generating additional tax revenues and creating billions of pay-roll dollars over the decades.

By investing a small percentage of the funds in the state, Alabama made as much progress in the last twenty years as any state by adding quality jobs and an improved image – thanks to Governors Folsom, Siegelman, Riley, and, I'm sure, Bentley. Sometimes, it took a little push to convince the politicians to welcome great companies, like **Toyota Engine**, when the local leaders at that time did not want higher paying jobs competing for local workers.

At other times, the RSA was in a position to place on the negotiating table something that is extremely difficult to match in

other states: \$10 million in free advertising to help land **Hyundai** in Montgomery instead of Kentucky.

Ask yourself where Alabama would be without the investments listed on page three, and what it would look like to the outside world without the renaissance of Mobile, Montgomery, and the Shoals? Most Alabamians love their state, but it will not grow without investing in ourselves!

Critics of this investment strategy do not want the RSA to worry about the economic growth of Alabama. However, I strongly contend that we must concern ourselves with building the state's wealth in order for Alabama to provide a sound pension program for its public employees, especially in a state that adores being ranked 50th in the taxation of its citizens, which leads to. . .

**NAYSAYERS HAVE NOT ASKED THE MOST IMPORTANT QUESTION:** *In comparing each of the last 10 years' investment performance with the average investment performance, what did Alabama receive in return for jobs created and additional tax revenue added to state coffers?* Independent experts will determine the answer that will decide whether RSA management has erred in its investment policy or done the right thing in investing in Alabama. ■



## Legislative Proposals

Editorial

The Alabama Legislature will begin a new session on February 7. As always, there will be good ideas as well as bad ideas for the RSA and the state as a whole.

Numerous states have already adjusted their pension programs for new employees; therefore, we must anticipate similar proposals. We are working to make sure these changes are in the interest of keeping our system sound.

The RSA must always be willing to improve, but we cannot allow pension situations such as the city of Prichard where they stopped paying retirees, nor corruption as seen in Jefferson County creep into the RSA. ■

# State Employees Take Responsibility for Funding Health Insurance

The Alabama State Employees Association (ASEA) passed a resolution at its annual convention last October asking that when state employees are granted across-the-board raises in the future of at least four percent, that one percent be directed into the trust account established to provide funding for health insurance coverage for retired state employees.

This will continue with each subsequent raise of four percent or more until the total employee contribution to the trust fund reaches five percent. Congratulations to state employees for recognizing this important funding problem for future health insurance benefits and for being willing to take steps to address this problem. ■

## Education

Source: *Time*

### EDUCATION STILL PAYS

On the whole, college improves job prospects

2010 unemployment rates (25 and older)

**14.9%**

LESS THAN HIGH SCHOOL GRAD

**7.0%**

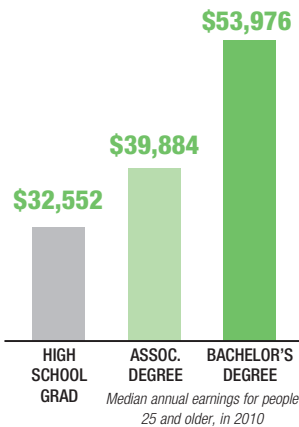
ASSOCIATE'S DEGREE

**10.3%**

HIGH SCHOOL GRAD

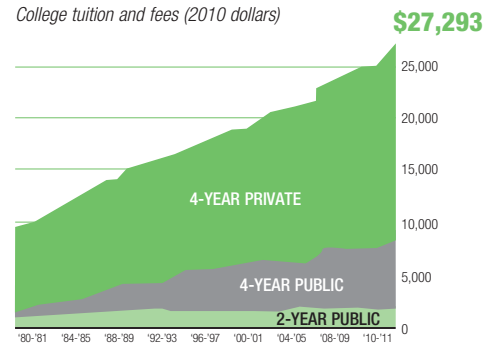
**4.7%**

BACHELOR'S DEGREE



### BUT THE COST IS SOARING

College tuition and fees (2010 dollars)



## The Importance of Water

Source: 13D Research

In four days, the U.S. uses more water than the world uses oil in a year. The U.S. uses 410 billion gallons of water per day, which includes everything from brewing morning coffee to making steel and cooling nuclear power plants. A couple of years ago, China used 550 billion gallons of water per day, while India used 646 billion gallons daily. Both China's and India's water use are probably higher today, given their rapid economic growth.

The U.S. has dramatically improved water efficiency over the last three decades. In 1980, the U.S. used 440 billion gallons of water per day, 30 billion more than today. However, since then America's GDP has more than doubled (\$13 trillion vs. \$6 trillion), and its population has risen by 70 million. Most of the improvement comes from efficiency gains in power generation and farming. Overall, farmers use 15% less water than they did in 1980, but produce 70% more food.

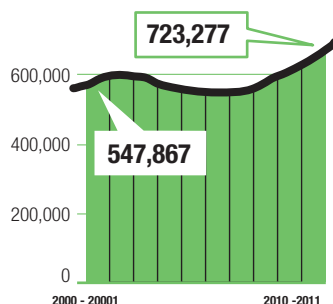
The next frontier in water efficiency is industry, which accounts for 59% of water use in high-income countries. In Belgium, 80% of water consumption is used by industry. This is in sharp contrast from lower-income developing countries where industry may only represent 10% of total water usage.

Enormous amounts of water are used in industry. For instance, it takes 1,000 tons of water to produce a ton of steel, 2,072 gallons of water to make four new tires, and 39,090 gallons of water to manufacture a new car. To produce a pair of jeans requires around 1,800 gallons of water, 1,500 gallons of water to process a single barrel of beer, and 1.85 gallons of water to manufacture the plastic for the bottle in the average commercial bottle of water.

The ramifications of increasing water shortages could be dire without timely management. ■

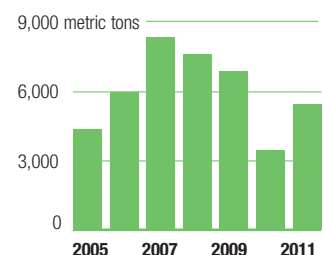
### FLOCKING TO U.S.

Enrollments of foreign students in the USA increased 32% in the past decade:



Source: Institute of International Education

### AFGHANISTAN'S ESTIMATED OPIUM PRODUCTION



Source: Wall Street Journal

# Many of the RSA Investments in Alabama

## *Invested In:*

- ADEM Laboratory – Montgomery  
Alabama Energy (Gas Company) – Tuscaloosa
- Alabama Cruise Terminal – Mobile
- Alabama River Group, Inc. – Monroeville
- Alabama River Chip Mill – Monroeville
- Alabama River Recycling – Monroeville
- Alabama State Bar Building – Montgomery

## **Progress Means Growth**

- Bell Microproducts – Montgomery
- CIBA-GEIGY Chemical Company – Mobile
- Circle S Industries – Selma  
Community Newspaper Holdings, Inc. – Birmingham/  
Montgomery
- Conventional Mortgages...Alabama Loans...Residential  
Funding – Statewide  
Danberry at Inverness (Senior Living) – Birmingham
- Daniel Senior Living, LLC (Senior Living in Huntsville  
and Birmingham)
- Dole Foods – Birmingham  
Dominion Senior Living of West Mobile – Mobile
- Drummond Company – Birmingham
- Dynamit Nobel Chemical – Mobile
- Embassy Suites – Montgomery
- First Alabama Bancshares – Montgomery  
GKN Aerospace – Tallassee
- Gordon Persons Building – Montgomery
- Gulf Coast Exploration & Science Theatre – Mobile

## **Without the RSA Investments Change Could Not Happen**

- IDB Southwire Medium Volt Cable Company – Heflin
- IPSCO Saskatchewan, Inc. – Mobile
- Kvaerner Oilfields Products – Mobile  
Fairway Outdoor Advertising (Magic Media) –  
Statewide
- Mercedes Benz U.S. – Tuscaloosa  
Mobile Parking Garage – Mobile
- Montgomery Coliseum – Montgomery

Navistar Diesel of Alabama, LLC – Huntsville  
Navistar Big Bore Diesels, LLC – Huntsville

- Perdido Beach Hilton (Gulf Beach Hotel) –  
Orange Beach

## **RSA Investments Result in Jobs and Tax Revenue**

- Raycom Media – Montgomery
- Rohr – Foley  
Signal International – Mobile
- Springhill Medical Center – Mobile  
The Shops of Grand River – Leeds
- United Technology – Huntsville
- US Steel – Fairfield
- Wal-Mart Distribution Center – Cullman
- Williamson Commerce Center – Anniston  
Wise Metals – The Shoals

## **The Stronger We Can Make Alabama, the Stronger the RSA Will Be**

## ***RSA Owned:***

National Alabama Corporation – The Shoals  
National Village – Auburn/Opelika

Office Buildings and Parking Decks:

RSA Tower Complex – Montgomery

RSA Plaza – Montgomery

RSA Union – Montgomery

Alabama Center for Commerce – Montgomery

Alabama Center for Postsecondary Education –  
Montgomery

RSA Criminal Justice Center – Montgomery

RSA Headquarters – Montgomery

RSA Dexter Avenue – Montgomery

RSA Battle House Tower – Mobile

RSA BankTrust Building – Mobile

PCH Hotels and Resorts/Alabama Real Estate Holdings –  
8 hotel sites statewide

Point Clear Partners, LLC – Condos – Point Clear

SunBelt Golf Corporation – 11 golf course sites statewide

- **FULLY REPAYED TO THE RSA**

ENJOY YOUR WINTER/SPRING  
A Special Deal  
FOR RSA MEMBERS

**The Battle House,  
A Renaissance Hotel – Mobile – \$99**

- February 5-6, 22-23, 26-28
- March 4-6, 9-11, 14, 18, 25-28
- April 2-5, 9-10, 15-16, 20-24, 29-30

**The Renaissance Riverview Plaza – Mobile – \$89**

- February 5-6, 22-23, 26-28
- March 4-6, 9-11, 14, 18, 25-28
- April 2-5, 9-10, 15-17, 20-24, 29-30

**Marriott Grand – \$99** plus a 15% resort fee

- February 1-2, 5-6, 11-12, 19-22, 26-29
- March 1, 4-7, 11-12, 18-22, 25-26
- April 1-2, 8-11, 17-18, 22-24

**Marriott Grand – RSA Golf Package – \$169**

Ask for code – LOCD

Includes: Deluxe Room, One Round of Golf for Two People.  
Call for Tee Times after booking package

- February 1-2, 5-6, 11-12, 19-22, 26-29
- March 1, 4-7, 11-12, 18-22, 25-26
- April 1-2, 8-11, 17-18, 22-24

**Marriott Shoals – Florence – \$89**

- February 4-10, 15-28 • March 4-8, 11-14, 18-22, 25-28
- April 8-10, 18, 25-26, 29-30

**Renaissance Ross Bridge – Hoover – \$99**

- February 7, 11-16, 19, 24-25, 28
- March 11-12, 18-22, 25-29 • April 8, 15, 29

**Opelika Marriott – \$89**

- February 1-4, 8-15, 17-29 • March 1-3, 9-11, 18-28, 30-31
- April 1-12, 15-17, 22-24

**Prattville Marriott – \$89**

- February 3-4, 10-14, 16-22, 26 • March 2-5, 8-20, 22
- April 1-3, 5-10, 13-15, 20-24, 26-29

**Renaissance Montgomery – \$99**

- February 5, 18-20 • March 1, 4-5, 9, 15-18, 22-24
- April 1-2, 6-9, 12, 14-15, 20-21, 28, 30

**RSA Spa Package – \$159**

Ask for code – LOCD Includes Deluxe Room

- February No Dates Avail • March 1, 15, 22 • April 12

*Rates available the 1st of the month  
and are not applicable to groups.*

Code: RABM, 800-228-9290

Internet promo code: R2A on [marriott.com](http://marriott.com)

**Book Online and Save RSA \$4.**

## TRS Board News



Newly elected TRS board members take the Oath of Office: Mrs. Sallie Cook, Ms. LaDonna Macon, Dr. Marquita Davis, and Mr. Luke Hallmark, above; Mrs. Susan Lockridge, below.

Not pictured: Dr. Tommy Bice.



## ERS Board News



Newly elected ERS board members take the Oath of Office: Mr. David Bollie, Mr. Jim Fibbe, Mr. Steve Williams, and Dr. Marquita Davis.

# The ADVISOR

**CEO**  
David G. Bronner

**Deputy**  
Marcus H. Reynolds, Jr.

**Executives**

**Communications**  
Michael E. Pegues

**Chief Accountant & Financial Officer**  
Diane E. Scott

**Employees' and Judicial Retirement**  
William F. Kelley, Jr.

**Field Services**  
Judy P. Utley

**Information Technology Services**  
Michael T. Baker

**Investments**  
R. Marc Green

**General Counsel**  
Leura G. Canary

**Legislative Counsel**  
Lindy J. Beale

**Member Services**  
Penny K. Wilson

**PEEHIP**  
Donna M. Joyner

**Teachers' Retirement**  
Christopher P. Townes

The Retirement Systems of Alabama  
201 South Union Street  
P.O. Box 302150  
Montgomery, Alabama 36130-2150  
Phone: 334.517.7000  
877.517.0020  
RSA Web site  
[www.rsa-al.gov](http://www.rsa-al.gov)

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MONTGOMERY, ALABAMA 36130-2150

Where Would Alabama Be  
Without RSA Investments?